

A surge in adoption of corporate alumni networks enables organizations to tap into the value of their former employees, driving down recruitment costs, increasing impact and productivity, and creating brand value.

The Business Impact of Corporate Alumni Networks

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Introduction

Organizations are prioritizing the need to maintain relationships with former employees through formally organized, intelligent corporate alumni networks. The challenges of the current economic environment have accelerated the need for such networks, with companies recognizing the power, impact, and importance of their alumni community as a strategic resource and competitive advantage. Even before the pandemic caused millions of job losses, the labor market was in a state of growing flux, as average job tenure decreased and employee turnover was on the rise, prompting organizations to think more carefully about offboarding.

Organizations devote a great deal of time and resources to onboarding new hires and retaining employees, but little effort and few resources go toward offboarding. This is a missed opportunity as the business impact of positive offboarding is significant for recruiting, sales, marketing, and overall organizational value.

The Power of Alumni Networks

The power of corporate alumni networks and the impact they have on business outcomes begin with the arc of recruiting (including quality of hire).

Recruiting: Alumni Recruiting Versus Stranger Recruiting

Alumni networks facilitate post-offboarding talent management. Rehiring of alumni known as "boomerangs" can account for upwards of 10–20% of annual hires for organizations. The alumni network creates a systematic framework for hiring former workers who operate at increased productivity immediately upon rehire since they have already been invested in and "know" the organization well. Rehires are also found to be significantly happier than new hires.

The alumni network process is also integral to hiring contingent labor, a rapidly growing segment of the worker population, for part-time and project-based jobs. Senior candidates, including corporate alumni and retirees, are now considered for many contract-based roles because of their experience and expertise in a given industry field.

These trends form part of an organization's internal mobility initiative, which is characterized by the employer's knowledge of the employees and their capabilities. This is different from an external mobility initiative, which involves hiring strangers and brings accelerate risks (e.g., a bad fit is financially, strategically, and culturally disruptive).

In effect, tapping alumni networks for hiring can improve the quality of hires and thus result in immediate impact. Alumni network hires are all-around "smarter" hires with higher ROI. This is explained by:

- » Onboarding simplification with lower overall costs.
- » Reduced time to acclimation: Rehires know "where the cafeteria is."
- » Increased chance of fit. Rehires return to the company even more impactful and ready to go.
- » Avoidance of "bad hires." The cost of a bad hire can be exorbitant when factors such as productivity loss, training costs, HR costs, interviewing costs, and recruiting ads are considered.
- » Improved quality of hires by rehiring regrettable losses: Alumni are typically the best hires, immediately and more productive, stay longer and cost nothing to source

Alumni Networks 2.0

Alumni networks historically consisted of basic directories and company updates, often with poor user experience (UX) and a complete lack of personalization or value to the alumni. Today, Alumni Networks 2.0 must be underpinned by intelligent, future-proofed technology. They must recognize the business development, marketing, and evangelism element of maintaining a relationship for a company and involve a high-quality, consumer-like experience for alumni. These networks might extend access to learning and new skills (via a learning management system [LMS]), perks, volunteering, and societal impact opportunities. Former employees can serve as brand ambassadors, and alumni can stay connected to the groups with which they maintain an affiliation (e.g., running clubs, local groups by city). This leads to the creation of an alumni community with inclusivity, where no one is left out.

The Future of Work

How companies hire will change, with massive upskilling requirements: The need to accelerate to recruit and fill critical positions with digital-only hiring is a dramatic shift for HR. New pools of high-quality, digitally accessible talent are in demand. This upswell in unemployment or hiring freezes has increased the demand for alumni tools. Companies no longer need as many external recruiters to fill jobs in the near term, with alumni a cost-free resource for those that invest in a platform.

Alumni networks are pertinent for organizations making redundancies, where humanely offboarding employees benefits both parties. Organizations that had to lay off workers will need to rehire gradually to fill voids, and alumni not only will be immediately productive but also may return with new skills. Those unlikely to be rehired can access career advice, learning, and networks.

Many organizations moving parts of the workforce into redundancy have no way to communicate or maintain a positive connection with former employees. This presents a challenge to employers — both in terms of losing high-quality talent and from a communications perspective. This challenge can be solved by an alumni platform.

Brand Ambassadors

The other major arc of alumni networks is brand ambassadors (driving sales, marketing, and evangelism). Beyond HR, for organizations struggling or reorganizing, having an alumni talent pool at hand to aid in recovery is invaluable. Companies are also focusing on alumni as a source of sales and evangelism. Consumer-facing businesses such as retail, leisure, and consumer goods sectors know alumni (and their families and friends) are also customers and represent a pivotal market they can leverage for sales. Equally, B2B service businesses such as lawyers, consultants, accountants, and banks recognize that their alumni are vital referrals and sources of new business. Law firms, for example, know their alumni often leave their jobs to take roles with clients such as in-house legal counsel for large companies.

The time has come when alumni networks can prove their value by demonstrating how leveraging alumni delivers better business outcomes.

Definitions

A corporate alumni network is software that organizations use to engage, manage, leverage, and support their former employees. A digital network enables companies to build a community to drive organizational goals across recruiting, marketing, and sales.

Alumni programs allow organizations to nurture and maintain a mutually beneficial relationship with alumni, recognizing that the connection may enable a compelling opportunity for support and value creation for both parties in the future. A platform provides companies with a mechanism to execute this connection at scale, recruit alumni back quickly when needed, build targeted marketing and sales campaigns, and extend access to resources and learning to those who have left.

Benefits of Alumni

Companies that invest in lifelong relationships with their employees consistently outperform organizations that do not, and a corporate alumni platform is a critical component to manage and engage this community.

According to Reid Hoffman, the founder of LinkedIn, "LinkedIn. Tesla. YouTube. Yelp. Yammer. SpaceX. What do all these companies have in common? They're not just examples of innovation and financial success. All of them were founded by the alumni of a single company: PayPal. Lifetime employment might be over, but a lifetime relationship remains the ideal, and as the alumni of PayPal have demonstrated, it can be extremely valuable. Unlike the free agency model, the alliance can and should persist even after an employee's final tour of duty."

Jacob Morgan, author of four books on employee experience and leadership, conducted interviews with 150 executives and analyzed over 250 global organizations including Fortune 100 companies. In *The Employee Experience Advantage: How to Win the War for Talent by Giving Employees the Workspaces They Want, the Tools They Need, and a Culture They Can Celebrate*, he showed that organizations that invest in lifelong relationships with their employees typically see 2x revenue, 4x profit, and 6x employer attractiveness over those that do not. In terms of HR impact, alumni are the best hires (see Figure 1).

FIGURE 1: *Benefits of Alumni Recruiting***Source of hire — recruiting productivity**

Alumni rehires and referrals are the #1 and #3 sources of quality hires (those staying for more than one year)

**Happy returns**

72% of former employees would return happily

**Boomerang retention**

50% reduction in time to fill positions

**Brand value**

32% more likely to recommend the company

**Alumni fill rate**

20% of open jobs currently filled by alumni

Source: IDC, 2020

ROI

The ROI of corporate alumni networks is driven by key performance indicators quantifying how leveraging alumni can lower time to hire, decrease hiring and onboarding costs, increase productivity (they already have been trained and "know" the company), increase employment tenure, and improve the quality of hire. In addition, some important "softer" benefits from today's current version of networks incorporate the human elements of alumni engagement, specifically creating a community that provides for social impact, white glove recruiting, a contingent labor pool, the ability to extend "perks" such as learning management system access or discounts, access to employee resource groups, and creating brand ambassadors.

- » **Quantifiable ROI** includes not only recruiting high-quality boomerangs and referrals who stay longer, are productive faster, and cost nothing to source but also generating sales and partnerships by activating alumni and their networks as customers.
- » **Qualitative ROI** includes strengthening employer brand image with customers and peers.

Employee Experience Dividends

Companies are looking to demonstrate that they want to support employees during their entire working life cycle, and alumni are a key component of doing that. To ensure that a relationship exists beyond the exit interview, companies are aspiring to make offboarding a critical part of the enhanced employee experience. In addition to the HR ROI, enhancing the employee experience is another key benefit of alumni networks, which is why alumni platforms are increasingly included on the purchasing list of talent management departments.

The engagement of alumni via an alumni network is a key component and an extension of the employee experience. Employee experience is foundational to business impact, hiring, retention, and organizational resilience. Engaging alumni employees will create valued members who are trusting, loyal, and committed to their former employers; alumni also stay longer when they return and refer higher-quality candidates. Alumni are equally beneficial if they remain elsewhere but maintain goodwill to their former employers, serving as valuable brand ambassadors.

Companies with robust employee experience programs:

- » Have employees who are 5x more engaged in achieving organizational goals.
- » Have employees who are 3x more committed to the company's culture and purpose.

Considering EnterpriseAlumni

Software exists to manage every aspect of the employee experience. Multibillion-dollar categories and businesses have been created for every stage of the employee journey — from recruiting and sourcing to talent management to contingent and contract labor. EnterpriseAlumni's software is the last piece of the employee experience journey, recognizing the power and value of former employees. There is an organizational mindset shift acknowledging that employees are still "part" of the company even after they are offboarded.

Citi, a global bank with over 200,000 employees, recognizes the value of its alumni. A couple of years ago, Andrea Legnani, Global Head of Alumni Network at Citi, was looking for a next-level technology to complement the organization's existing alumni outreach efforts. "When I met EnterpriseAlumni for the first time, I immediately realized we were on the same wavelength. We both understood the enormous business value created by alumni networks. We shared ideas for the future of the corporate alumni industry, and I was surprised by their reaction. We immediately started jotting thoughts on how these could be put in practice through the use of the most innovative technologies. Every pain point was overcome with a practical solution. There is significant value in the technology provided, and the analytics and dashboards that are provided can give me tremendous insights into how much money we are saving through the network. In addition, EnterpriseAlumni provides for integration with other HCM vendors to facilitate data integration. It did not take long before we decided to choose them as our next technology provider," said Legnani.

With a global presence, EnterpriseAlumni's software powers the alumni networks for some of the world's largest corporations and organizations for competitive advantage. The vendor helps customers leverage this community of former employees as a source of recruitment and referrals, business development, and brand building; as a marketing army; as a diversity tool; and for cost cutting. For alumni, EnterpriseAlumni's intelligent network offers opportunity, community, and learning.

EnterpriseAlumni provides thought leadership as a source of best practices and alumni research. Research and insights are collected and shared via an annual global survey, and the company conducts regular webinars and has a podcast channel that features customer interviews, community specialists, and HR leaders. The Corporate Alumni Conference, which the vendor created in 2018, is an annual conference that brings together customers, interested parties, and other alumni leaders. EnterpriseAlumni also created Alumni Aces, a community site for corporate alumni leaders who manage and engage the former employees of their organizations. The site can be accessed for free and serves as a resource hub, aggregating how the most successful alumni programs launch and then manage and engage their alumni communities. The site offers access to learning, templates, and best practices.

Challenges

Augmenting traditional recruiting methods is not easy. Old habits die hard. In many respects, recruiting is several years behind the sales mentality. There is a war on talent that needs to be won. Treating talent (alumni) in the same way customers are treated will give organizations competitive advantage, but there needs to be a shift in culture and mindset.

The new world of work brought about by the pandemic and economic uncertainty requires organizations to address realities. They may experience higher onboarding costs and turnover rates due to significant new skill demands/upskilling. They must recognize the importance of brand reputation and how alumni serving as brand ambassadors can make a positive impact. The impact of COVID-19 on layoffs has resulted in a vast talent pool of alumni; these employees can be leveraged by their previous employer with less time to acclimation and increased productivity.

The costs of implementing a corporate alumni network platform should be weighed against the costs of recruiting and onboarding in general; and the intangible costs of having a community of alumni to serve as a talent marketplace, brand ambassadors, and the creation of social impact should be accounted for.

Conclusion

To attract the best talent, build the best reputation, and benefit from referrals and evangelism, companies need to support employees during their entire working life cycle versus only during their period of employment. This approach is mutually beneficial, and large companies recognize that a sophisticated platform offering deep analytics and intelligence provides alumni with the highest-quality experience and provides the business with competitive advantage and information.

The pandemic and economic uncertainty dramatically changed the hiring landscape. Companies that sought to gain competitive advantage realized that they needed to accelerate the adoption of new recruiting practices that are efficient, productive, and economical. Alumni networks provide the opportunity to change how people are sourced and hired. Employers can quickly and easily access a large talent pool of already trained employees who "know" the organization. These alumni, upon their return, are more likely to stay and have immediate business impact.

It's important to also recognize the value of alumni who are not boomerangs. The intangible value of creating an alumni community of evangelists is essential to brand value, business development, sales, and reputation. Alumni talent should be treated as customers. Creating goodwill among alumni — whether individuals are rehired or serve as brand ambassadors — will have a qualitative and quantitative business impact in HR, marketing, sales, and every part of a business.

About the Analysts



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MESSAGE FROM THE SPONSOR

EnterpriseAlumni create value for alumni, the organization, and community managers. Founded on the premise of putting alumni first and a commitment to innovation, integration and simplicity, mid-sized companies through to Fortune 50® enterprises trust EnterpriseAlumni to power their corporate alumni communities.

The employee experience no longer ends at the exit interview. Lifelong relationships between employers and employees provides companies with competitive advantage, harnessing alumni for talent and referrals, marketing, revenue generation, cost cutting and more. And for alumni, EnterpriseAlumni offers opportunity, community and financial benefits.

Visit <https://enterprisealumni.com>.



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